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BOARD

NOV 7 11 28 AM '97

NorRail®, Inc.
Buying, Selling, Leasing
And Management of Railcars

308 12th Avenue South, Buffalo, Minnesota 55313 • Phone: (612) 557-0215 • Fax: (612) 682-2452

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
12th and Constitution Avenue, N.W.
Washington, D.C. 20423

November 5, 1997

RECORDATION NO.

20982
FILED

NOV 7 '97

11-28AM

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two originals of Memorandum of Railcar Lease Agreement dated as of September 30, 1997, a primary document as defined in the Board's Rules for Recordation of Documents.

The names and addresses of the parties to the enclosed documents are:

Lessor: NorRail, Inc.
308 - 12th Avenue South
Buffalo, MN 55313
Phone: 612-557-0215

Lessee: The Kansas City Southern Railway Company
114 West 11th
Kansas City, MO 64105
Phone: 816-468-4828

The Memorandum of Railcar Lease Agreement covers 150 Covered Hoppers identified in Exhibit A to the Memorandum of Railcar Lease Agreement. Enclosed is our check in the amount of \$24.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one stamped copy of the enclosed document to the undersigned. If you have any questions or require any further information in connection with this filing, please contact the undersigned at 612-557-0215.

Very truly yours,

Bradley C. Gunstad
General Counsel
Enclosures

FORMS/STB

MEMORANDUM OF RAILCAR LEASE AGREEMENT

Agreement No. 1748, Schedule No. 1 RECORDATION NO. 20982 FILED

NOV 7 '97 11-28 AM

THIS MEMORANDUM OF RAILCAR LEASE AGREEMENT is made and entered into as of September 30th, 1997 by and between NorRail, Inc., a Minnesota Corporation ("Lessor") and The Kansas City Southern Railway Company, a Missouri Corporation ("Lessee"), with reference to the following:

1. Lessor has agreed to lease to Lessee, and Lessee has agreed to lease from Lessor various railcars pursuant to one or more Schedules to the Lease to be entered into by Lessor and Lessee from time to time, all as more particularly described in that certain Railcar Service and Lease Agreement No. 1748 dated September 30th, 1997 between Lessor and Lessee (hereinafter referred to as the "Lease").
2. Pursuant to Schedule No. 1 to the Lease, Lessor has agreed to lease to Lessee and Lessee has agreed to lease from Lessor the 85 - 4650 Cu. Ft. and 65 - 4750 Cu. Ft. Covered Hopper Railcars bearing the reporting marks and road numbers indicated on Exhibit A hereto, all as more particularly described in the Lease.
3. The Lease shall be effective as of the execution date thereof and shall be subject to the term of the Lease, as provided therein.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Memorandum of Railcar Lease Agreement to be executed as of the date first above written.

Lessee: NORRAIL, INC.

By: [Signature]

Its: VICE PRESIDENT

By: [Signature]

Its: VP & General Counsel

Lessor: THE KANSAS CITY SOUTHERN
RAILWAY COMPANY

By: [Signature]

Its: Sr VP & CFO

By: [Signature]

Its: Vice President Business Unit Ops

Approved As To Form
R.P. Bynum

**EXHIBIT A TO
MEMORANDUM OF RAILCAR LEASE AGREEMENT
Agreement No. 1748, Schedule No. 1**

#	NRLX IDENTIFICATION #	NEW CAR #
1	NRLX046051	KCS 309250
2	NRLX046077	KCS 309251
3	NRLX046456	KCS 309252
4	NRLX046214	KCS 309253
5	NRLX046457	KCS 309254
6	NRLX046208	KCS 309255
7	NRLX046121	KCS 309256
8	NRLX046285	KCS 309257
9	NRLX046219	KCS 309258
10	NRLX046467	KCS 309259
11	NRLX046160	KCS 309260
12	NRLX046164	KCS 309261
13	NRLX046092	KCS 309262
14	NRLX046280	KCS 309263
15	NRLX046097	KCS 309264
16	NRLX046102	KCS 309265
17	NRLX046085	KCS 309266
18	NRLX046105	KCS 309267
19	NRLX046290	KCS 309268
20	NRLX046088	KCS 309269
21	NRLX046110	KCS 309270
22	NRLX046111	KCS 309271
23	NRLX046291	KCS 309272
24	NRLX046292	KCS 309273
25	NRLX046204	KCS 309274
26	NRLX046306	KCS 309275
27	NRLX046236	KCS 309276
28	NRLX046433	KCS 309277
29	NRLX047303	KCS 309278
30	NRLX047193	KCS 309279

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#	NRLX IDENTIFICATION #	NEW CAR #
31	NRLX047199	KCS 309280
32	NRLX047227	KCS 309281
33	NRLX047039	KCS 309282
34	NRLX047228	KCS 309283
35	NRLX047158	KCS 309284
36	NRLX047040	KCS 309285
37	NRLX047311	KCS 309286
38	NRLX047231	KCS 309287
39	NRLX047042	KCS 309288
40	NRLX047232	KCS 309289
41	NRLX047081	KCS 309290
42	NRLX047269	KCS 309291
43	NRLX047235	KCS 309292
44	NRLX047238	KCS 309293
45	NRLX047195	KCS 309294
46	NRLX047164	KCS 309295
47	NRLX047241	KCS 309296
48	NRLX047243	KCS 309297
49	NRLX047298	KCS 309298
50	NRLX047086	KCS 309299
51	NRLX047245	KCS 309300
52	NRLX047304	KCS 309301
53	NRLX047167	KCS 309302
54	NRLX047169	KCS 309303
55	NRLX047308	KCS 309304
56	NRLX047318	KCS 309305
57	NRLX047090	KCS 309306
58	NRLX047091	KCS 309307
59	NRLX047094	KCS 309308
60	NRLX047096	KCS 309309
61	NRLX047099	KCS 309310

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#	NRLX IDENTIFICATION #	NEW CAR #
62	NRLX047100	KCS 309311
63	NRLX047047	KCS 309312
64	NRLX047107	KCS 309313
65	NRLX047248	KCS 309314
66	NRLX047053	KCS 309315
67	NRLX047054	KCS 309316
68	NRLX047250	KCS 309317
69	NRLX047283	KCS 309318
70	NRLX047055	KCS 309319
71	NRLX047119	KCS 309320
72	NRLX047121	KCS 309321
73	NRLX047063	KCS 309322
74	NRLX047125	KCS 309323
75	NRLX047253	KCS 309324
76	NRLX047132	KCS 309325
77	NRLX047256	KCS 309326
78	NRLX047136	KCS 309327
79	NRLX047286	KCS 309328
80	NRLX047138	KCS 309329
81	NRLX047140	KCS 309330
82	NRLX047142	KCS 309331
83	NRLX047258	KCS 309332
84	NRLX047604	KCS 309333
85	NRLX047605	KCS 309334
86	NRLX047606	KCS 309335
87	NRLX047607	KCS 309336
88	NRLX047608	KCS 309337
89	NRLX047610	KCS 309338
90	NRLX047611	KCS 309339
91	NRLX047612	KCS 309340
92	NRLX047613	KCS 309341

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#	NRLX IDENTIFICATION #	NEW CAR #
93	NRLX047614	KCS 309342
94	NRLX047615	KCS 309343
95	NRLX047616	KCS 309344
96	NRLX047618	KCS 309345
97	NRLX047619	KCS 309346
98	NRLX047620	KCS 309347
99	NRLX047623	KCS 309348
100	NRLX047626	KCS 309349
101	NRLX047627	KCS 309350
102	NRLX047632	KCS 309351
103	NRLX047633	KCS 309352
104	NRLX047635	KCS 309353
105	NRLX047637	KCS 309354
106	NRLX047639	KCS 309355
107	NRLX047640	KCS 309356
108	NRLX047653	KCS 309357
109	NRLX047657	KCS 309358
110	NRLX047661	KCS 309359
111	NRLX047665	KCS 309360
112	NRLX047668	KCS 309361
113	NRLX047682	KCS 309362
114	NRLX047683	KCS 309363
115	NRLX047687	KCS 309364
116	NRLX047694	KCS 309365
117	NRLX047695	KCS 309366
118	NRLX047696	KCS 309367
119	NRLX047699	KCS 309368
120	NRLX047703	KCS 309369
121	NRLX047704	KCS 309370
122	NRLX047705	KCS 309371
123	NRLX047706	KCS 309372

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#	NRLX IDENTIFICATION #	NEW CAR #
124	NRLX047713	KCS 309373
125	NRLX047717	KCS 309374
126	NRLX047721	KCS 309375
127	NRLX047723	KCS 309376
128	NRLX047726	KCS 309377
129	NRLX047731	KCS 309378
130	NRLX047732	KCS 309379
131	NRLX047736	KCS 309380
132	NRLX047742	KCS 309381
133	NRLX047744	KCS 309382
134	NRLX047757	KCS 309383
135	NRLX047759	KCS 309384
136	NRLX047766	KCS 309385
137	NRLX047768	KCS 309386
138	NRLX047776	KCS 309387
139	NRLX047782	KCS 309388
140	NRLX047783	KCS 309389
141	NRLX047784	KCS 309390
142	NRLX047788	KCS 309391
143	NRLX047793	KCS 309392
144	NRLX047808	KCS 309393
145	NRLX047816	KCS 309394
146	NRLX047821	KCS 309395
147	NRLX047822	KCS 309396
148	NRLX047823	KCS 309397
149	NRLX047045	KCS 309398
150	NRLX047316	KCS 309399

STATE OF MISSOURI }
COUNTY OF JACKSON }

§§

On this 30th day of September, 1997, before me personally appeared, Robert H. Berry and Steven L. Hefley, to me personally known, who being by me duly sworn, say that they are the Senior Vice President & Chief Financial Officer, and Vice President Business Unit Operations, respectively of The Kansas City Southern Railway Company, a Missouri corporation, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the fee act and deed of said corporation.

Patricia A. Sexson

Patricia A. Sexson, Notary Public

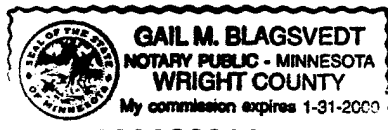
My Commission expires October 22, 1998

(Seal)

STATE OF MINNESOTA }
COUNTY OF WRIGHT }

§§

On this 27th day of October, 1997, before me personally appeared, Russell S. Adams and Bradley C. Hunstad to me personally known, who being by me duly sworn, say that they are the Vice President and V.P. + General Counsel respectively of NorRail, Inc., a Minnesota corporation, that the foregoing instrument was signed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the fee act and deed of said corporation.



Gail M. Blagsvedt

GAIL M. Blagsvedt, Notary Public
(Name Printed)

My Commission expires 1-31-2000

(Seal)